

State of Florida

Commissioners:

JULIA L. JOHNSON, CHAIRMAN
SUSAN F. CLARK
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Public Service Commission

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MAR 28 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

March 28, 1997

Mr. William Caton
Federal Communications Commission
1919 M Street NW, Room 222
Washington, DC 20554

Re: CC Docket 96-45 - Universal Service and CC Docket 96-262
- Access Charge Reform - EX PARTE FILING

Dear Mr. Caton:

Chairman Julia Johnson made presentations to Chairman Reed Hundt, and to the other Commissioners Wednesday and Thursday, March 26 and 27, 1997, of her proposals on universal service and access reform. She also brought the following Florida Public Service Commission (FPSC) staff: Bridget Duff, Mark Long, Dale Mailhot, David Dowds, Walter D'Haeseleer and Robin Norton. At the winter meetings of the National Association of Regulatory Utility Commissioners, Chairman Reed Hundt urged state commissioners to comment on his universal service ideas. These presentations fit within the scope of Rule 1.1206(c), Code of Federal Regulations, "proceedings that are classified as non-restricted." In non-restricted proceedings, parties and Commission decisionmakers are permitted to engage in ex parte communications but certain disclosure requirements must be met.

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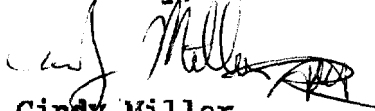
Mr. William Caton

Page 2

March 28, 1997

Pursuant to Rule 1.1206(2), on oral ex parte presentations in nonrestricted proceedings, we are attaching a written memorandum which summarizes the data and arguments. An original and one copy are being submitted to the Secretary.

Sincerely,



Cindy Miller
Senior Attorney

JLJ:jmb

Attachment (Memorandum)

cc: Chairman Reed Hundt
Commissioner James H. Quello
Commissioner Rachelle B. Chong
Commissioner Susan Ness

WRITTEN MEMORANDUM

Her proposal encompasses an approach to the universal service fund that assesses interstate-only revenues. She also discussed an interim mechanism. She fully supports that the FCC continue to use the current high cost fund structure (with some modifications) for the small companies until the proxy models can be properly designed. Because the proxy models still need further refinement, she believes the price cap companies should also continue to use the High Cost Fund (HCF) structure (with some modifications) for the interim.

The proposal supports that long-term support and DEM weighting should be removed from access charges. Although she is generally supportive of restructuring the recovery of LTS and DEM, she asks that the FCC cautiously proceed with any further restructuring efforts.

Her universal service suggestions include:

- Universal Service -- The USF surcharge should be placed on interstate revenues only to fund the following:
schools and libraries, low income and rural health care support, the HCF, LTS, and DEM.
- Price cap LECs should remain under the current HCF system (with some modifications) until July 1, 1999 (two years).
- Small LECs should remain under current HCF, with some modifications for five years.

On access reform, she is supportive of the restructuring of LTS and DEM from access charges to a universal service surcharge. She believes that the restructured rates, coupled with reductions due to payphone regulation and price cap excess earnings, serve as a significant step toward making implicit subsidies explicit.

On restructuring the CCL, she believes bulk billing is superior to the FERC. Additionally, she stated that the separations Joint Board should begin formal proceedings as soon as possible.

She believes these proposals are pro-consumer, and that is where our thoughts should focus.